

Message Text

CONFIDENTIAL

PAGE 01 STATE 086308

12
ORIGIN EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 EB-11 COME-00 TRSE-00 OMB-01 SIL-01 SAM-01

SAJ-01 IO-14 /129 R

66623
DRAFTED BY:EUR:NE:WABUELL
APPROVED BY:EUR:NE:MR. BUELL
EUR:NE:MR. ANDREWS

----- 087346

R 262313Z APR 74
FM SECSTATE WASHDC
TO AMEMBASSY REYKJAVIK

C O N F I D E N T I A L S T A T E 0 8 6 3 0 8

E.O. 11652: GDS
TAGS: PFOR, IC
SUBJECT: POSSIBLE FALL OF ICELANDIC GOVERNMENT

1. AMBASSADOR KROYER CALLED AT DEPARTMENT APRIL 25 TO REPORT TO NE DIRECTOR GIST OF TELEPHONE CONVERSATION HE HAD WITH FRIEND "VERY CLOSE TO THE PRIME MINISTER." ACCORDING TO FRIEND, THE TWO PEOPLES' ALLIANCE MINISTERS IN THE GOVERNMENT HAD RELUCTANTLY REACHED CONCLUSION THEY COULD NO LONGER OPPOSE PRIME MINISTER'S PROPOSAL THAT LEGISLATION BE SUBMITTED IN THE ALTHING DECOUPLING WAGE SCALES FROM PRICES. IF SOMETHING IS NOT DONE ABOUT INDEXATION, THERE WILL BE 14 PERCENT WAGE INCREASE ON JUNE 1, RESULTING ONLY RPT ONLY FROM INCREASED PRICE OF IMPORTED FUEL. HOWEVER, THE TWO PA MINISTERS WERE TURNED DOWN BY THEIR OWN PARTY EXECUTIVE. PRIME MINISTER JOHANNESSON IS DETERMINED TO PUSH AHEAD WITH HIS PROPOSAL WITHOUT PA SUPPORT SINCE HE IS CONVINCED BEYOND DOUBT THAT SOMETHING MUST BE DONE TO CONTROL AN INFLATION THAT IS NOW SO RAMPANT THAT IT THREATENS TO WRECK ICELAND'S CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 086308

BASIC INDUSTRIES SUCH AS FISH PROCESSING.

2. PRIME MINISTER EXPECTED TO BRING THIS LEGISLATION TO THE FLOOR EARLY WEEK OF APRIL 29. SINCE THE PA MEMBERS CANNOT SUPPORT IT, HE WILL NOT GET THE VOTES. HE WILL THEREUPON SUBMIT HIS RESIGNATION TO THE PRESIDENT. KROYER THINS JOHANNESSON WILL BE ASKED TO CARRY ON AS CARETAKER IN A MINORITY GOVERNMENT AND UNDER THESE CIRCUMSTANCES MAY HAVE THE AUTHORITY TO CALL FOR IMMEDIATE ELECTIONS, WHICH HE IS EXPECTED TO DO IF HE CAN.

KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, PETROLEUM, WAGES, INFLATION, POLITICAL SITUATION, POLITICAL PARTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 26 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE086308
Document Source: CORE
Document Unique ID: 00
Drafter: EUR:NE:WABUELL
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740100-1028
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974049/aaaaahpt.tel
Line Count: 71
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAY 2002 by boyleja>; APPROVED <14 FEB 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE FALL OF ICELANDIC GOVERNMENT
TAGS: PFOR, IC
To: REYKJAVIK
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005